

# Impact for Growth

## 2016 Progress Report



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### A Message from Irene Rosenfeld, Chairman & CEO, Mondelēz International



In 2012 we began our journey to become a focused snacking company, with a clear purpose to create more moments of joy for our colleagues, consumers, customers and communities. We know that our success is directly linked to enhancing the well-being of the people who make and enjoy our products, the communities we serve and the planet as a whole. That's why in 2013, we launched our Call For Well-being platform — our call to action for colleagues, suppliers and partners to deliver meaningful change.

Since then, the world around us has changed and so have we. In January we introduced our updated [Strategy Globe](#), which is an evolution of our strategic focus to achieve our growth ambitions —

to be the best snacking company in the world. It helps us lead with purpose and values, to deliver balanced growth, with a keen focus on our three goals: grow our people, grow our business and grow our impact.

In this context, we have evolved our platform as well. Our new platform, **Impact for Growth**, is a natural outcome of our Call For Well-Being, going from a “call to action” to a declaration of how our business success is inextricably linked to positive social impact. It is a more focused approach to driving our company's growth and delivering positive change.

We recognize our company's future is rooted in helping people snack in a balanced way and enjoy life with products that are safely and sustainably sourced, produced and delivered. To realize this purpose, we empower the well-being of our colleagues, communities, farmers and consumers, while making smart and sustainable use of natural resources to reduce our environmental footprint. We help communities thrive by investing in programs to help families make informed food choices, gain access to fresh foods, and get children playing more. Of course, we will continue to put safety and integrity first in everything we do.

While our platform name has changed, our commitment to deliver against our metrics remains steadfast. This *Impact for Growth 2016 Progress Report* details the progress we've made against our targets and outlines our future plans in areas where we can have the greatest impact. We continue to work with our partners to find innovative ways to bring positive change across all aspects of our business.

I'm proud to lead a global organization that lives its purpose through big and small moments each day. Looking ahead, we will continue to lead this charge with authenticity, integrity and transparency to create meaningful and lasting impact — for our people, for our business and for our planet.

I invite you to explore our progress in our 2016 report. If you would like periodic updates about our efforts, I encourage you to visit our [website](#) and follow us on Twitter ([@MDLZ](#)) and [Facebook](#).

Warmest Regards,

A handwritten signature in black ink that reads "Irene B. Rosenfeld". The signature is fluid and cursive.

**Irene Rosenfeld**  
Chairman & CEO

## 2016 AT-A-GLANCE

At Mondelez International, we are focused on four areas where we believe we can create positive impact: Well-being Snacks, Sustainability, Community and Safety. In each of these areas, we outlined specific goals to which we hold ourselves accountable. We continue to make progress toward these goals and scale our efforts with our partners and suppliers to achieve our commitments to make meaningful change.

### WELL-BEING SNACKS | Empowering people to enjoy life and snack in balance

#### GOALS\*

#### PROGRESS BY END OF 2016

#### HIGHLIGHTS

##### Expand Well-being Snacks portfolio

Deliver 25% of revenue\*\* from Better Choices by 2020

✓ **Goal Achieved**

**26%** of our revenue came from Better Choices

Increase individually wrapped portion control options 25% by 2020

✓ **Goal Achieved**

Portion control options grew by **39%** in our portfolio

##### Enhance the goodness of our brands

Reduce saturated fat 10% by 2020

🎯 **On Target**

Reduced saturated fat by **6%** across our global portfolio

Reduce sodium 10% by 2020

🎯 **On Target**

Reduced sodium by **5%** across our global portfolio

Increase whole grains 25% by 2020

✓ **Goal Achieved**

In 2015, we met our goal to increase whole grains by **25%** across our global portfolio

##### Inspire people to snack mindfully

Front-of-pack calorie labeling globally by end of 2016

✓ **Goal Achieved**

Nearly **100%** of our portfolio was covered

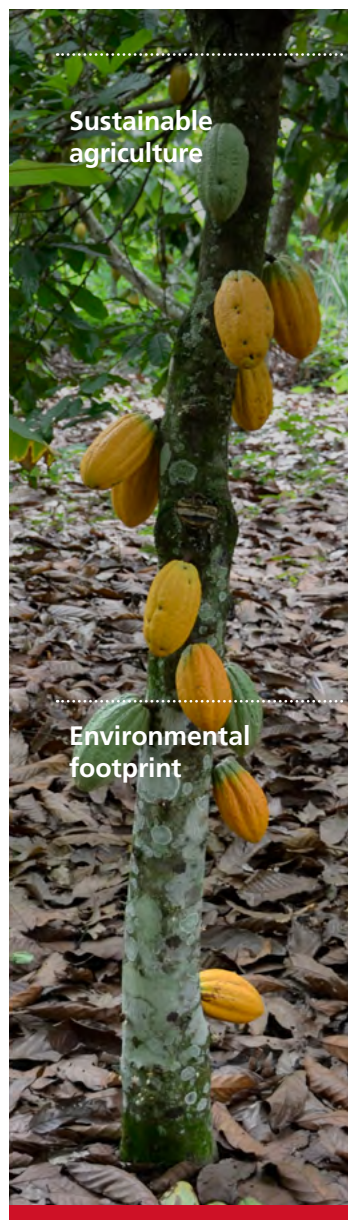
\*Based on 2012 baseline and sales weighted volume for nutrient reductions

\*\*2012 revenue baseline restated due to coffee divestiture and removal of Venezuela operations from financial reporting in 2015





## SUSTAINABILITY | Catalyzing systemic environmental and social change



### GOALS

### PROGRESS BY END OF 2016

### HIGHLIGHTS

All cocoa will ultimately be sustainably sourced

🎯 **On Target**

**21%** of our cocoa was sustainably sourced; Cocoa Life, the foundation of our long-term strategy, reached **92,000** farmers in **861** communities

Maintain 75% of Western European biscuit volume made with Harmony wheat

✅ **Goal Achieved**

**75%** of our West European biscuits continued to be made with Harmony wheat; with plans to expand going forward

Maintain 100% RSPO palm oil

✅ **Goal Achieved**

Maintained **100%** RSPO palm oil goal while pushing for more reforms

100% palm oil traceable to the mill from suppliers with aligned policies

✅ **Goal Achieved**

At the end of 2016, almost all of the palm oil we sourced was traceable back to mill (**96%** vs. 2015: 90%) and **99%** was from suppliers with policies aligned to ours (2015: 91%)

100% cage-free eggs in U.S., Canada by 2020 and EU by 2025

🎯 **On Target**

**15%** of our eggs in U.S., Canada and EU were cage-free

### Environmental footprint

Reduce absolute CO<sub>2</sub> emissions from manufacturing 15%\*

🎯 **On Target**

Reduced emissions by **7%**

Reduce water use by 10%\* at priority locations where water is most scarce

🎯 **On Target**

Reduced incoming water usage by **18%\*\*** in priority locations

Reduce total waste in manufacturing 20%\*

🎯 **On Target**

Reduced total waste by **10%**

Eliminate 65,000 metric tonnes of packaging

🎯 **On Target**

Eliminated **46,300 metric tonnes** of packaging

*\*Based on 2020 vs. 2013 baseline*

*\*\*Our 2020 water goal includes the anticipated impact of expansions for new lines and sites which will add to our future absolute water use and, therefore, not evident in 2016 performance*



### SAFETY | Keeping our employees and consumers safe



#### GOALS

Achieve world-class safety performance\*

By 2018, 100% of our external manufacturers and suppliers are certified against one of the Global Food Safety Initiative (GFSI) schemes

#### PROGRESS BY END OF 2016

🎯 **On Target**

🎯 **On Target**

#### HIGHLIGHTS

Achieved a **30%** reduction in Total Recordable Incidents (TRIs) and **21%** decrease in Total Incident Rate (TIR) for all of our employees in 2016 compared to 2015

**84%** of our external manufacturers and **96%** of our suppliers certified against one of the GFSI schemes

*\*Global benchmark for a world-class Total Incident Rate (TIR) is defined as 0.5; we are currently performing at 0.39*



### COMMUNITIES | Partnering with communities to create healthier lifestyles



#### GOALS

Invest \$50 million USD into healthy lifestyle community partnerships

#### PROGRESS BY END OF 2016

🎯 **On Target**

#### HIGHLIGHTS

Allocated **83%** of our \$50 million USD multi-year commitment

# SUSTAINABILITY

Growing our positive impact for people and the planet is not only at the core of who we are as a company — it also helps to accelerate our growth. Smart and sustainable use of natural resources to reduce our end-to-end environmental impact is necessary now more than ever.

We aim to stay at the forefront of the fight against climate change by setting science-based targets to reduce CO<sub>2</sub> emissions from our own manufacturing. We also focus our efforts where we can make the biggest difference to reduce climate change by addressing deforestation in our supply chain.

As a food company, it is vital to secure sustainable supplies of key raw materials by empowering farmers and their communities to become more productive and climate-smart.

We continue to build on our heritage of leadership in sustainability — a heritage which includes being the first company to go beyond third-party certification by taking direct accountability for building a sustainable cocoa supply (via **Cocoa Life**); and to require palm oil suppliers to adopt forest protection and sustainability policies for their entire supply base — not just palm oil supplied to Mondelēz International.

Overall, we're pleased with our progress over the past three years.



## Progress Over The Past Three Years

### Sustainable Agriculture

- ☛ All cocoa will ultimately be sustainably sourced
- ☛ 75% of Western European biscuit volume made with Harmony wheat by 2015
- ☛ 100% RSPO palm oil by 2015
- ☛ 100% palm oil traceable to the mill
- ☛ 100% palm oil from suppliers with aligned policies
- ☛ 100% cage-free eggs in U.S. and Canada by 2020 and EU by 2025

### Environmental Footprint<sup>1</sup>

- ☛ Reduce absolute CO<sub>2</sub> emissions from manufacturing 15%<sup>2</sup>
- ☛ Reduce water use by 10%<sup>2</sup> at priority locations where water is most scarce
- ☛ Reduce total waste in manufacturing 20%<sup>2</sup>
- ☛ Eliminate 65,000 metric tonnes of packaging<sup>2</sup>

	2014	2015	2016
<b>Sustainable Agriculture</b>			
☛ All cocoa will ultimately be sustainably sourced	12%	21%	21%
☛ 75% of Western European biscuit volume made with Harmony wheat by 2015	60%	75%	75%
☛ 100% RSPO palm oil by 2015	100%	100%	100%
☛ 100% palm oil traceable to the mill	n/a	90%	96%
☛ 100% palm oil from suppliers with aligned policies	n/a	91%	99%
☛ 100% cage-free eggs in U.S. and Canada by 2020 and EU by 2025	n/a	n/a	15%
<b>Environmental Footprint<sup>1</sup></b>			
☛ Reduce absolute CO <sub>2</sub> emissions from manufacturing 15% <sup>2</sup>	-5%	-7%	-7%
☛ Reduce water use by 10% <sup>2</sup> at priority locations where water is most scarce	-7%	-16%	-18% <sup>3</sup>
☛ Reduce total waste in manufacturing 20% <sup>2</sup>	-6%	-5%	-10%
☛ Eliminate 65,000 metric tonnes of packaging <sup>2</sup>	27.5k	38.5k <sup>4</sup>	46.3k

<sup>1</sup> Historical CO<sub>2</sub>, water and waste data are recalculated annually to adjust for corporate structural changes, including acquisitions or divestitures

<sup>2</sup> By 2020 vs. 2013 baseline

<sup>3</sup> Our 2020 water goal includes the anticipated impact of expansions for new lines and sites which will add to our future absolute water use and, therefore, not evident in 2016 performance

<sup>4</sup> Figure revised up from 35.5k reported in 2015 on more complete data





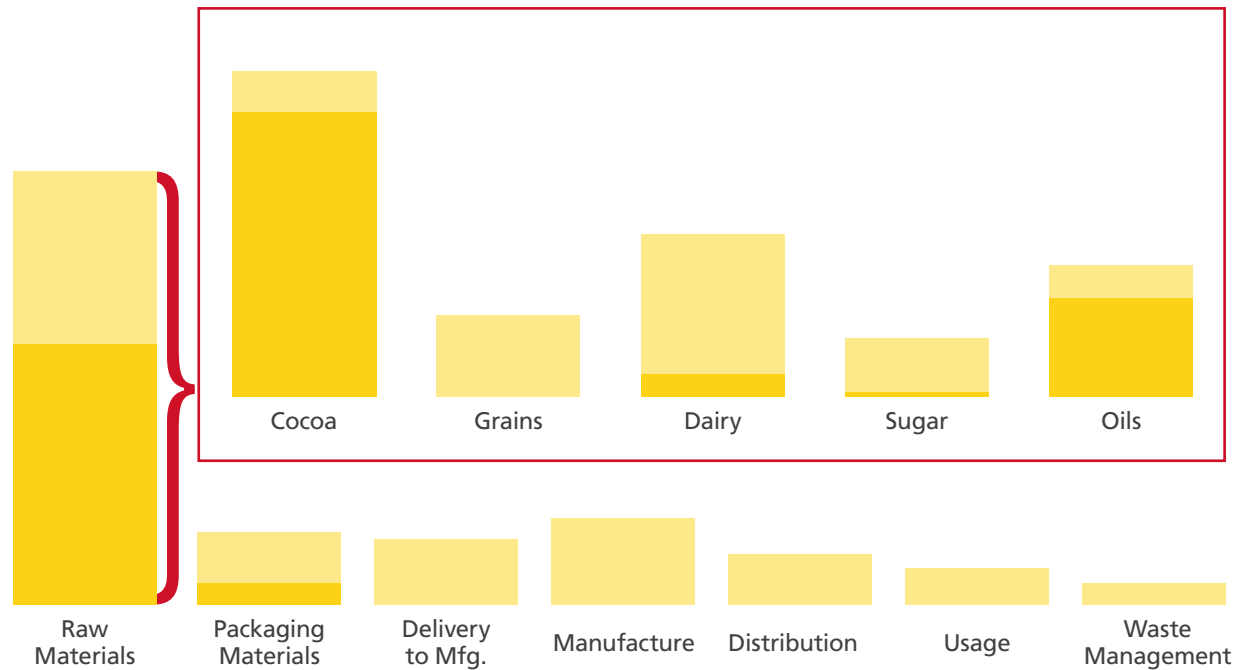
## Lifecycle Assessment

Our Lifecycle Assessment (LCA) shaped our priorities and 2020 goals. In particular, the insights from our LCA indicated that deforestation within our supply chain represents the largest single contributor to our carbon footprint. That is why we're taking a lead in addressing deforestation in our key agricultural supply chains, primarily cocoa and palm.

### LCA Findings

**Addressing deforestation offers largest opportunity to reduce our carbon footprint**

- Carbon footprint, agricultural practices
- Carbon footprint, deforestation







## Calling on our Suppliers for Responsible Sourcing

We work with thousands of suppliers, consultants and business partners around the world. We have laid out our expectations to all our direct suppliers in our published [supplier contract provisions](#) and [supply chain transparency](#) statements.

As a founding member of [AIM-PROGRESS](#), we also adhere to the [Sedex Member Ethical Trade Audit](#). This audit evaluates suppliers against a common set of Corporate Social Responsibility standards to drive efficiency on performance improvement for the consumer goods industry. In 2016, **218 of our key suppliers — 99 percent of our 2016 target group of highest priority suppliers** — completed the audit, in addition to the 388 suppliers audited in 2014 and 286 audited in 2015.



## Human Rights

We believe that everyone should be treated fairly and with dignity in both our own operations and supply chain. We are driving a comprehensive approach to social sustainability across our business and in particular through our \$400 million **Cocoa Life** program and Palm Oil Action Plan. We continue to look for ways to strengthen our approach to social sustainability.



## Sustainable Agriculture

Our business depends on a steady, high-quality supply of crops like cocoa, wheat and other raw materials to create our delicious snacks. However, our global food system is facing numerous challenges that are weighing down on individual farmers and the land they use.

These challenges are complex, and call for solutions that require coordinated efforts by governments, industry, and scientific and environmental experts. Smallholder farming communities in particular need support to increase their resilience.

That is why we are using our company's reach and global presence to work together with outside experts to give farmers a voice. Our signature programs aim to make a positive impact on the farms, communities and environment where our main raw materials are grown: **Cocoa Life** and **Harmony**.

We are also taking a more active role on the ground as well as driving change within our own organization and with our suppliers. We are addressing key areas where we can have the most impact, requiring more transparency, and collaborating with our key suppliers and others to promote widespread change so that sustainability becomes the normal way to do business in key raw materials.

## Sustainable Agriculture Goals

- ☛ All cocoa will ultimately be sustainably sourced, mainly through **Cocoa Life**
- ☛ Maintain 75% of Western European biscuits volume made with **Harmony** wheat
- ☛ Maintain 100% RSPO palm oil
- ☛ 100% palm oil traceable to the mill from suppliers with aligned policies
- ☛ 100% cage-free eggs in U.S., Canada by 2020 and EU by 2025



## Cocoa

**Cocoa Life** is a holistic, third-party verified program that aims to create a sustainable cocoa supply by transforming the lives of cocoa farmers and communities at scale. It is our ultimate goal to source all of our cocoa sustainably, mainly through **Cocoa Life**.

Launched in 2012, **Cocoa Life** is investing \$400 million USD by 2022 to empower at least 200,000 cocoa farmers and reach over one million community members in six key cocoa-growing origins: Côte d'Ivoire, Ghana, Indonesia, India, the Dominican Republic and Brazil. The **Cocoa Life** program is based on three non-negotiable principles: it is holistic and farmer-centered, committed to partnership and aligned with our sourcing.

**Cocoa Life** links cocoa farming with community development. The program includes a wide array of initiatives to support farmers in local communities, helping them to cultivate stronger, more resilient crops and creating real impact across our cocoa communities. **Cocoa Life** connects the beginning and end of the cocoa supply chain so farmers can see how their cocoa crop contributes to the chocolate we enjoy.

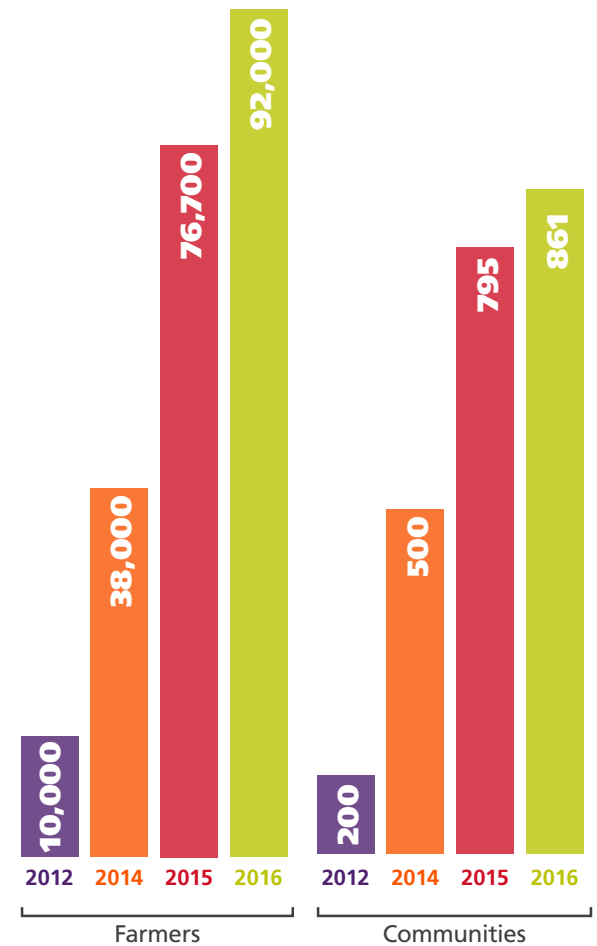
### Making Progress on our Roadmap

With our partners, we provide extensive farmer training and community action planning before the cocoa we source from program communities qualifies for **Cocoa Life**. By the end of 2016, **Cocoa Life** worked with 92,000 farmers in 861 communities across six different regions. Twenty-one percent of our cocoa was sustainably sourced (**Cocoa Life** or certified) as we began to transition our brands from certification to **Cocoa Life** supported by the more robust level of cocoa provided by the program. **Cocoa Life's** [2016 progress dashboard](#) also demonstrates the scale achieved at the end of 2016 in three key cocoa origin countries: Ghana, Côte d'Ivoire and Indonesia.



### COCOA LIFE PROGRESS

**Cocoa Life** volumes grew by 75 percent in 2016, driven by the sizable increase in the number of farmers and communities that we successfully brought into the program.





## Impact and Transparency

**Cocoa Life** engages an independent research team from Ipsos to provide third-party verification of the program and measurement of its impact on the ground. The verification framework consists of an annual outcome assessment against the 10 Global Key Performance Indicators (KPIs) and an impact evaluation every three years.

Our previous assessment published in 2016 showed that farmer income increased 49 percent more and cocoa yield increased 37 percent more in Ghanaian **Cocoa Life** communities than in communities outside the program. Assessments for each of **Cocoa Life's** top three origins, Côte d'Ivoire, Ghana and Indonesia, will be published within the year.

**Cocoa Life** engages **FLOCERT**, a leading global certification body, to trace both the flow of **Cocoa Life** cocoa from **Cocoa Life** farms and the premium that is paid to the farmers. FLOCERT provides verification services for social, trade and environmental standards, and private codes of conduct.

### HOW COCOA LIFE WORKS

**Cocoa Life** is driving change in **five key areas**, as well as cross-cutting themes of women's empowerment, elimination of child labor and climate change.



**Cocoa Life** tracks and reports impact against **10 global KPIs** that correspond to the program's five key areas.



## Tackling Climate Change and Deforestation

Cocoa farmers and community leaders in West Africa tell us climate change is already impacting their farms and we are increasingly concerned about the effects of climate change on their livelihoods.

Deforestation is a driver of climate change and we are stepping up our efforts to protect forests and help farmers become more resilient against the effects of climate change by improving environmental practices on cocoa farms.

To address environmental sustainability issues in hundreds of Ghana's cocoa-growing communities, **Cocoa Life** is working with the [United Nations Development Programme \(UNDP\)](#), the [Ghana Cocoa Board \(COCOBOD\)](#) and cocoa farmers.

**Cocoa Life** farmers receive support from the UNDP to help them plant economic trees on their cocoa farms. These trees provide shade to protect against excessive heat and preserve moisture which makes cocoa more resilient to climate change. They also protect biodiversity and have economic value (timber or fruit), which provides additional revenue for farmers.

With UNDP, we have [distributed more than 787,000 economic tree seedlings](#) since 2014 to more than 9,600 cocoa farmers. These efforts enable and encourage cocoa farmers to move toward more sustainable "green production" principles.

In Côte d'Ivoire, Mondelēz International is leading private sector action as part of the national program to combat deforestation, which is part of the international Reduced Emissions from Deforestation and Degradation (REDD+) framework.



As a next step, a pilot project with 5,000 farmers in the Nawa Region will work with local communities to map forests for protection, produce a local land use plan and implement a tracking system.

Looking forward, we are a founding member of the [Cocoa & Forests Initiative](#), in which 12 leading cocoa and chocolate companies will work, in partnership with others, to end deforestation in the cocoa supply chain with an initial focus on Côte d'Ivoire and Ghana.



## Child Protection in Cocoa-growing Communities

Over the years, we have worked to help eliminate child labor in cocoa-growing communities. **Cocoa Life** NGO partners, like [CARE International](#) and [Solidaridad](#), raise awareness of child labor in **Cocoa Life** communities with training for both children and parents. We recognize that every child needs a safe and conducive environment to grow and thrive. **Cocoa Life** addresses the root causes with actions to improve the livelihoods of farmers, empower women and promote education.

**Cocoa Life** has partnered with [Embode](#), an independent human rights consultancy, who analyzed the environment and national child protection infrastructure in key cocoa-producing countries and published two independent assessments in 2016 of child protection in the cocoa sector in [Côte d'Ivoire](#) and [Ghana](#).

Based on Embode's recommendations, we are working together with government authorities and our program partners to harness the strengths of our community model to bolster our approach to child protection:

- Implementing community-based Child Labor Monitoring & Remediation Systems (CLMRS)
- Improving children's access to education
- Linking into and helping to strengthen local child protection systems

**Cocoa Life's** Child Labor Monitoring & Remediation System, in line with the program's holistic approach, is community-based and child-centric. It builds on our existing approach to [child protection](#) and its scope goes beyond the cocoa supply chain to include the community as a



whole and it addresses the issue from prevention to remediation. The CLMRS feeds into national systems, links to existing child protection systems and seeks to build capacity where appropriate. By the end of 2016, close to 100 **Cocoa Life** communities in Ghana had a CLMRS in place.

Ultimately, we are working towards having a CLMRS in place in all West African **Cocoa Life** communities.





### Empowering Women in Cocoa Farming

Women's empowerment has been a cross-cutting theme for **Cocoa Life** since launch. We know that women are a catalyst for change and amplify the impact of our program. We asked CARE International to assess our progress in Ghana and Côte d'Ivoire. They reported increased cocoa yields from giving women better access to farmer training, increased household income from access to finance through the Village Savings and Loan Associations (VSLAs) and improved role of women in decision-making.

Based on CARE's recommendations, we published our evolved approach on women's empowerment. We will further strengthen interventions that have been identified as working well and include new actions to empower women across our program at scale, including:

- Evolving the Women Extension Volunteer model and rolling this out in all origin countries
- Increasing women's access to finance, farm inputs, land ownership, and membership of producer groups and cooperatives
- Promoting leadership positions for women as part of the Community Action Plan processes, including a minimum number of 30 percent for women representatives

## Partnerships are Crucial to Program Success

Partnership is the key to lasting change. **Cocoa Life** integrates the work of stakeholders to achieve common goals in ways that are relevant and tailored to farming communities around the world. We work with communities, suppliers, non-government organizations and national cocoa authorities — including the [Ghana Cocoa Board](#), [Conseil du Café-Cacao](#) in Côte d'Ivoire and the [Indonesian Coffee and Cocoa Research Institute \(ICCRI\)](#) — to build lasting change.



The **Cocoa Life** program has also brought together a range of other partners, including [CARE International](#), [Save the Children](#), [Solidaridad](#), [Swisscontact](#), [Voluntary Services Overseas \(VSO\)](#) and [World Vision](#), to ensure holistic development for farm families and empowerment of farming communities.

In 2016, **Cocoa Life** announced it will supply [Cadbury](#) chocolate through its new partnership with **Fairtrade**. This ground-breaking commitment will help more cocoa farmers, their families and their communities, by extending **Cocoa Life** to [Cadbury](#) products globally. **Fairtrade**, the world's largest and most recognized fair trade system, will work together with **Cocoa Life** on new innovative programs, building resilience to climate change and developing farmer organizations. This will help enhance the understanding and reporting of the program's impact on cocoa farming communities.

### COCOA LIFE ADVISORY MEMBERS

- **Andrew Bovarnick** – Lead Natural Resource Economist and Global Head of the [United Nations Development Programme's Green Commodities Program](#)
- **David McLaughlin** – Managing Director and Vice President of Agriculture at [World Wildlife Fund](#), and specialist in sustainable supply chain transformation
- **Aidan McQuade** – Director of [Anti-Slavery International](#), the world's leading anti-slavery charity
- **Mil Niepold** – mediation expert of [The Mara Partners](#), focused on finding solutions to social and human rights issues through dialogue
- **Jane Nyambura** – from the [Ethical Tea Partnership](#) and expert on improving smallholders' livelihoods





## Wheat

At Mondelēz International, we are the largest biscuit producer in the world. We are proud to be bakers and we bake with passion and a clear sense of purpose. We make great-tasting biscuits, but we also want to give consumers confidence that we can do this in a way that secures the environment for today and tomorrow.

Our European **Harmony** and North American wheat sustainability program designs are specific to local environmental conditions and farming systems. We collaborate and share best practices to evolve and align both programs on innovative ways to reduce our environmental footprint.

### Harmony Wheat

We don't just see wheat as a raw ingredient. It was one of the first crops to be cultivated by humans and is now the largest food crop in the world. Wheat is hugely important and we believe in working to ensure it can continue to feed a growing population. However, agriculture is impacted by climate

**75%**  
of our Western  
European biscuits  
were made with  
**Harmony**  
wheat

change as water resources become scarce and carbon emissions increase. Wheat farming in particular is especially vulnerable to climate change. That's why we created **Harmony** — to fulfill our aim to grow wheat in a sustainable way in Europe.

The European Union produces 156 million metric tonnes of wheat per year, with a large portion of that grown in France. Ten years ago, our biscuit brands in France had a vision of a better way to grow wheat, and so **Harmony** was born.

Through **Harmony**, we want to change the way wheat is grown and harvested. We work with governments, NGOs and the farmers themselves to drive change and help ensure wheat is grown in a sustainable way.

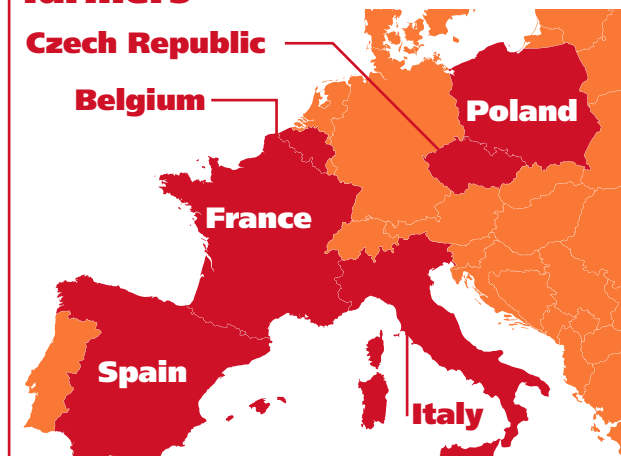
**Harmony** farmers are choosing to conserve water, care for the soil, protect biodiversity and reduce carbon emissions. This creates not only better conditions for the essential ingredient for our biscuits, but also enhances local areas where people live. To date, **Harmony** farmers in Europe have achieved a 20 percent reduction in pesticide use<sup>1</sup>, and in 2016, 21 million bees and 27 species of butterflies were observed in **Harmony** fields.

At the end of 2016, the **Harmony** program included

more than 2,000 wheat farmers, 14 millers and 21 cooperatives across Europe. Three-quarters of our biscuits in Western Europe are made with **Harmony** wheat and in France, where the program originated, this figure is as high as 95 percent.

We've made some great progress so far but there is still more to be done. We believe **Harmony** is the right way of growing sustainable wheat, and we will continue to invest in the program and look for ways to extend our impact.

### Countries with Harmony farmers





## North America Wheat

In North America, our wheat farmers are adopting innovative practices to optimize pesticide and fertilizer use, growing all the wheat we need for our *Triscuits* brand, with a lower environmental footprint.

We started the program in 2015 with Michigan State University and our supplier of soft white wheat, Cooperative Elevator Company (Coop). We expanded the program to 12,000 hectares and 120 farmers in 2016.

Each year, farmers get a report of their performance versus peers and engage their agronomists on opportunities for improving their yield and environmental footprint. In the first two years, farmers in the program reduced greenhouse gas emissions by 25 percent versus the regional average, and only one farmer relied on irrigation, thus minimizing the water withdrawal footprint. The program continues for a third year in 2017, expanding to 139 farmers — of whom 10 percent joined The Nature Conservancy's Saginaw Bay Regional Conservation Partnership Program that we support.

## Palm Oil

We believe sustainable palm oil is important for the long-term growth of our business and should be accessible to all.

Within our supply chain, we tackle deforestation through our Palm Oil Action Plan. Our suppliers must implement traceability and more sustainable production practices. Our guidelines also dictate that development should not take place in Primary Forest, High Conservation Value (HCV) areas, High Carbon Stock (HCS) forests, or use fire in plantation operations.

Working with [World Wildlife Fund](#) and the [UNDP](#), we developed our Palm Oil Action Plan in 2014 and updated it in [2016](#). The updated plan requires

suppliers to improve practices across entire operations and focuses on risk assessment and engagement of third-party suppliers to drive accountability for traded oil. Key new provisions require suppliers to:

- Map and assess the risk for all supplying mills on [Global Forest Watch \(GFW\)](#) to increase transparency
- Provide assurance that no deforestation occurs on their own concessions and exclude third-party suppliers who do not immediately cease deforestation
- Work with recognized third-party experts to protect labor rights



Photo Credit: UNDP Indonesia Palm Oil Platform (InPOP)

We challenged our palm oil suppliers to meet our principles. We give priority to suppliers that meet these principles and exclude suppliers that don't. In addition, suppliers must publish sustainable sourcing policies that meet our principles and implementation timelines. We did not just ask our suppliers to supply us with sustainable palm oil. We asked them to transform their entire supply chain.

At the end of 2016, 96 percent was traceable to the mill and 99 percent was from suppliers with published policies. We are pleased with this progress and have acted against suppliers that did not comply. Traceability to the mill is a powerful step. Mill data will enable us to use technology like [World Resources Institute's \(WRI\) Global Forest Watch](#) system to monitor deforestation, identify risk areas and focus suppliers' efforts on deforestation hotspots. While traceability to the mill is a good first step, more needs to be done.

When a supplier fails to meet the terms of our action plan, we start with the principle that it's better to fix a problem than to walk away from it. But when there is a significant breach of our principles, we will exclude suppliers until the breach is resolved. During 2016, we excluded one supplier from a key tender for non-compliance with our principles.

We also excluded one supplier, IOI, following its suspension from the Roundtable for Sustainable Palm Oil. We called on the company to implement group-wide sustainability reforms and to put in place a credible plan with clear milestones and active stakeholder engagement. We maintained our engagement with IOI during this process and welcome the company's progress, including regaining RSPO and reaching agreement with Greenpeace and other stakeholders on its sustainability plan.

We call on IOI to implement its commitments, with independent verification during 2018.

We will work with suppliers that show commitment to improve, based on an agreed plan, while retaining the right to exclude the supplier if the agreed terms are not met. By challenging suppliers in this way, we have prompted collaboration in the palm oil sector to improve traceability, particularly into emerging markets where there is not yet market demand for it. For example, to avoid losing business with us, one supplier established traceability across its entire palm oil operation by the end of 2016.

Progress in the palm oil sector requires us to go well beyond our own supply chain to achieve sector-wide change involving all participants in palm oil. We use our position as a global company to catalyze change through broad scale partnership and engagement.

During 2016, we were among a leading group of companies supporting WRI to develop GFW Pro, a decision-support system to monitor and manage land-related sustainability performance, including deforestation. GFW Pro will enable suppliers, traders and buyers of palm oil to monitor deforestation risks, monitor progress and track verification across their palm oil supply.

We continue to work with the UNDP, the Government of Indonesia and other partners to develop the [Indonesia Sustainable Palm Oil \(SPO\) Initiative](#) to help strengthen smallholder farmers, support national policy reform and reduce deforestation through public-private partnerships. In addition, we co-chair the Consumer Goods Forum's Palm Oil Working Group — which published [palm oil sourcing guidelines](#) — and we serve on the RSPO Board of Governors.

**96%**  
of the palm oil  
we sourced was  
traceable back to  
the mill

**purchasing  
palm oil**

**100%**  
RSPO coverage  
of the palm oil  
we buy\*

**99%**  
was from  
suppliers  
with policies  
aligned to  
ours

\*Our RSPO coverage refers to palm oil, not palm kernel oil (PKO), which is excluded on basis of complexity and low usage (2016: approx.5%)





### Animal Welfare

In 2016, we published a new [animal welfare position](#), recognizing consumer, civil society, government and investor concerns about the health and welfare of farm animals and the link between animal welfare and the health of animals raised for food.

A number of our products include ingredients that come from farm animals, such as dairy and eggs in our cheese, chocolate, biscuit and dressing brands.

Our new animal welfare commitments were recognized by the [Business Benchmark on Farm Animal Welfare](#), the leading global measure of company performance on farm animal welfare. We were one of just two companies to improve two levels, from level 6 to level 4.

### Eggs

We recognize concerns for the welfare of laying hens and we've taken a number of steps to switch to cage-free supplies.

We strive for 100 percent of our egg supply globally to be cage-free. We'll fully transition in the United States and Canada by 2020 and in Europe by 2025.

We're on track to meet these commitments, with a total of 15 percent of our eggs in U.S., Canada and EU cage-free in 2016.

In early 2017, we extended our commitment to cover the rest of the world by 2025, except for Russia, Ukraine, and China, where the supply chain will need more time to develop and require a longer period. Recognizing our limited influence in the market for egg products, we'll maintain a dialogue with suppliers and stakeholders to encourage the availability of viable cage-free supplies and aim to establish timelines for Russia, Ukraine and China by mid-2018. We will report progress towards our goals annually.

We want all eggs ultimately to be produced cage-free. We are encouraged by reports that major egg buyers have started the transition to cage-free. We hope this will lead to a general transformation in the market, so that cage-free eggs become the mainstream option. We are pleased to lend our support.

### Milk and Dairy

Milk and other dairy products are important ingredients for our cheese and chocolate products. Since 2013, sustainability projects all over the world are coordinated by the [Dairy Sustainability Framework \(DSF\)](#), the dairy sector's program to align, connect and demonstrate continuous improvement in sustainability.

In Europe, we built our sustainability agenda by working with key suppliers and national initiatives on a principle of continuous improvement. In Germany, we supported the development of a new voluntary Quality Milk Standard and implemented it in 2016. Across Europe, we are engaging all our milk suppliers to build their sustainability roadmaps.

We track progress according to the proportion of our dairy ingredients sourced from recognized industry standards. Currently, this is 20 percent of our total global dairy supply; we expect this to increase to the majority by 2020 as supply becomes available.





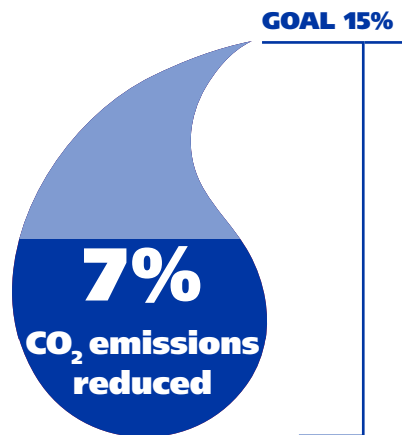
## Lessening our Environmental Footprint

Although the impact of our operations on the environment is much smaller compared to agriculture, the smart and sustainable use of raw materials in our own operations is an important contribution to the well-being of our planet. Our updated [sustainability goals for 2020](#) are an ambitious end-to-end approach to reduce our environmental footprint.

### Environmental Footprint Goals

- ☛ Reduce absolute CO<sub>2</sub> emissions from manufacturing 15%\*
- ☛ Reduce water use by 10%\* at priority locations where water is most scarce
- ☛ Reduce total waste in manufacturing 20%\*
- ☛ Eliminate 65,000 metric tonnes of packaging

\*by 2020 vs. 2013 baseline



## Making Progress In Our Operations

### Reducing CO<sub>2</sub> Footprint to Protect Global Food Supplies

There is no doubt that food security is at risk from climate change. Local temperature increases, extreme weather patterns and shortages of essential resources are driving competition for land and threatening the supply of major crops. We recognize we play a critical role and need to increase our focus on energy efficiency as a means to drive continued reductions in manufacturing CO<sub>2</sub> emissions.

That's why we adopted science-based targets to reduce our absolute CO<sub>2</sub> emissions from manufacturing by 15 percent. This aligns with current approaches to setting science-based targets to support the global effort to limit climate change to less than 2°C. We're on track to deliver this goal, having reduced CO<sub>2</sub> emissions from our factories by 7 percent since 2013. We've reduced energy consumption by improving energy management systems and investing in energy efficient technologies in our factories.

We also cut CO<sub>2</sub> emissions by using low-carbon renewable energy sources. For example, our powdered beverage facility at Khon Kaen, Thailand, became the first manufacturing plant in Mondelēz International to switch from grid electricity and move to 100 percent renewable energy in 2016.

In late 2015, our chocolate factory in Upplands Väsby, Sweden converted heavy oil burners to use waste vegetable oil instead, significantly reducing CO<sub>2</sub> emissions while saving operating costs. CO<sub>2</sub> emissions averaged 45 metric tonnes per month by the end of 2016, compared to an average of 90 metric tonnes previously.

## SUSTAINABILITY

### Eliminating Waste

Our focus has been on reducing waste in manufacturing, where we continually search for innovative reduction solutions. We've raised awareness of the value of reducing waste among our factory employees and adopted lean manufacturing techniques, such as Integrated Lean Six Sigma, to ensure we use resources efficiently and reduce waste.

Our bakery in Beijing, China, which is already at best-in-class performance for minimizing waste, reduced an additional 240 tonnes of waste in 2016 by benchmarking against similar factories, building capability and implementing a site-wide zero-loss/zero-waste mindset.

GOAL 20%

**10%**  
reduced  
total waste in  
manufacturing



### Preserving Water

When considering the various ways Mondelēz International addresses sustainability issues around the world, nothing is more important than conserving the valuable resource of water.

Based on a comprehensive risk assessment, we have identified priority sites in areas where water is most scarce. We target our water reductions in these locations. Our goal is to reduce absolute water use by 10 percent at priority manufacturing sites where water is most scarce.

Our U.S. bakery in Fair Lawn, New Jersey reduced incoming water consumption by 350 million liters from 2013 to 2016 by replacing water-cooled air compressors with air-cooled units and by converting from once-through to closed-loop cooling water systems.

Through 2016, 18 percent of our incoming water usage in priority locations has been reduced. Our 2020 goal of reducing water usage in priority locations by 10 percent includes the impact of new manufacturing lines and sites, which we anticipate will add to our future absolute water use.

GOAL 10%

**18%**  
reduced  
water  
usage



## Using Less Packaging

Over the years, teams have worked to optimize packaging design and source materials that perform and protect with the minimum packaging possible. Small adjustments can have a huge impact.

By continually optimizing package design, we can minimize our environmental impact. Using less packaging provides an economic benefit, not only in material costs, but also in transportation and disposal. This helps us to reduce our overall CO<sub>2</sub> emissions and operate more efficiently. It ultimately reduces costs to the business and thus helps us to contribute to our goal to create more fuel to power our growth. By eliminating packaging, we saved an estimated 100,000 tonnes of annual CO<sub>2</sub> emissions from 2010-14. We also reduce the amount of waste that consumers and local authorities have to handle. That's good for people, businesses and the planet.

We also support recycling. Within Europe, our largest region, over 75 percent of our packaging is paper-based, glass or metal — all of which are either currently recycled or recyclable. Around 70 percent of our paper-based packaging is from recycled sources.

The remaining 25 percent of packaging is predominately thin flexible films, which are optimized to limit food waste and spoilage. Where possible, we use single material types rather than multi-material laminates. These films are already, in principle, designed to facilitate recyclability, where facilities exist. Over 80 percent of these films already meet these criteria and we're moving the remainder of our flexible packaging to single materials where possible.

To help us achieve our goal, we have hundreds of programs globally that contribute to packaging optimization and elimination. Highlights from 2016 are:

- **North America:** 23 percent thinner packaging for Oreo biscuits eliminated 1,496 metric tonnes (MT) of cartons annually.
- **Latin America:** Primary and secondary packaging redesign for Tang powdered beverages led to the following material reductions: 5 percent in flexible films, 12 percent in cartons, 19 percent in corrugate and 46 percent in trucks required to transport the finished product.

**GOAL**  
**65,000 MT**

**46,300**  
**MT**  
**reduced**  
**packaging**

## UN Sustainable Development Goals Linkages

Through our sustainable agriculture programs, **Cocoa Life** and **Harmony**, that help improve the livelihoods of farmers and their communities, along with our efforts to reduce our environmental footprint and tackle climate change, we are supporting the following [UN Sustainable Development Goals \(SDGs\)](#).





## WELL-BEING SNACKS

Globally, consumers are increasingly interested in well-being for themselves and for their families. At the same time, their preferences are evolving and they are demanding a more holistic approach to well-being. Consumers are aware now more than ever of the connection between what they eat and their health. They're seeking great-tasting snacks that offer good nutrition with fewer, more familiar ingredients.

At Mondelez International, our goal is to be a global leader in well-being snacks. We're guided by our purpose of empowering people to enjoy life and snack in balance. Since 2013, we have made strong progress against our global well-being targets. Our Better Choice options are now over 25 percent of our portfolio and portion control options have grown by over 25 percent. We've met our goal to increase whole grains by 25 percent and we've reduced saturated fat by 6 percent and sodium by 5 percent respectively across our global portfolio. In addition, we achieved our goal of providing calories on the front-of-pack across all our products globally.

### Progress Over The Past Three Years

#### Well-being Snacks\*

	2014	2015	2016	Status
• Deliver 25% of revenue from Better Choices by 2020	23%	25%	26%	Completed
• Increase individually wrapped portion control options 25% by 2020	16%	26%	39%	Completed
• Reduce saturated fat 10% by 2020	1%	2%	6%	On Track
• Reduce sodium 10% by 2020	2%	1%	5%	On Track
• Increase whole grains 25% by 2020	23%	25%	25%	Completed
• Front-of-pack calorie labeling globally by end of 2016	46%	68%	100%	Completed

\*2012 baseline restated due to coffee divestiture and removal of Venezuela operations from financial reporting



## Empowering Consumers to Snack in Balance

Helping people enjoy the snacks they love and stay in balance is our primary mission.

By the end of 2016, we surpassed our goal, delivering 26 percent of our revenue from our [Better Choice](#) options — products that meet strict category-specific nutrition criteria.

We continue to focus our efforts across our portfolio to enhance the goodness of our brands and optimize their nutrition and ingredients by increasing whole grains and reducing saturated fat, sodium and sugars. We have in place baseline nutrition criteria that we use to assess new products being developed, as well as guide renovations. We simplify ingredient lines and continue to remove artificial ingredients in select key brands, as well as introduce new snacks without artificial colors or flavors, such as our line of *Good Thins* crackers launched in the United States.



## Whole Grains

We achieved our goal of increasing whole grains by 25 percent across our portfolio at the end of 2015. We continue to grow our whole grain options including expansion of *Triscuits* and *Wheat Thins* in the U.S., as well as expansion of *Club Social* whole wheat crackers in Brazil.

**In 2016, *belVita* delivered 65 million pounds of whole grains to global diets**

## Sodium and Saturated Fat

We continue to reduce the amount of saturated fat and sodium within our products, with the goal of achieving our 10 percent reduction targets by 2020. Halfway through our timeframe, we have reduced sodium by 5 percent and saturated fat by 6 percent across our global portfolio. Going forward, we will focus on improving saturated fat and sodium as part of our overall renovation of key global power brands — our biggest selling products. In addition, we will also introduce new products, as well as line extensions, with less saturated fat and sodium in the recipes.



## Trans Fat

Our efforts to remove industrially-produced trans fatty acids (TFAs) from our entire portfolio continue. Our ultimate goal is to eliminate them from our portfolio. Over the years, we have significantly reduced industrially-produced TFAs and partially hydrogenated oils (PHOs) from our products, while maintaining taste and quality. As part of our efforts, we made a commitment along with members of the International Food & Beverage Alliance to reduce industrially-produced TFAs from PHOs in our products worldwide to be less than 1g of TFAs per 100g of product by the end of 2018.

## Sugar

We know that to effectively maintain a healthier, more balanced diet, it is important to manage the intake of both sugar and calories. And we agree people should limit their sugar intake as part of an effort to reduce calories. This aligns with and supports the World Health Organization (WHO) and other regulatory agencies' advice for consumers to limit added sugar intake to no more than 10 percent of daily calories.

Sugar reduction has been a focus for us over the past 10 years. We take a multi-pronged approach to help consumers manage sugar and calories, focused on five areas: creating new products with less sugar; reducing sugar amount in current products; launching and supporting lower sugar sub-lines; increasing portion control options; and reinforcing portion messaging on pack.

For example, we've introduced new sugar-free and reduced sugar confection, such as our *Trebor* mints in the UK. And through our *Oreo* and *Chips Ahoy Thins* platforms, we're offering fewer calories and sugar per cookie compared to the regular version. That way, people can savor the taste they love, but with fewer calories and sugar. Globally, 90 percent of our gum and 70 percent of our powdered beverages, such as *Tang* and *Clight*, are sugar free. In fact, since 2012, we removed 154 million pounds of sugar across our global powdered beverages. We have also reduced sugar by 10 percent in *belVita* and *Barni* soft cakes recipes.

**15% of our portfolio today is sugar-free or sugar-reduced**





## Inspiring People to Snack Mindfully

To make informed, mindful decisions for themselves and their families, people need product options and the right information delivered in a simple and straightforward manner. Our marketing and communications practices are designed with this in mind, so we can help people have clear information about our snacks and empower them to make the best choices.

### Offering More Portion Control Products

Expanding our portion control options — snacks that are 200 calories or less and are individually wrapped — enables people to enjoy the treats they love, become more mindful about what they eat and help manage their calories. At the end of 2016, we grew our portion control options by 39 percent — exceeding our original goal of 25 percent. Starting in 2017, our goal will be to make portion control snacks a meaningful segment of our portfolio, with an aim to deliver 15 percent of revenue by 2020.

### Nutrition Labeling

We understand the importance of being open and consistent in the way we communicate about our snacks with consumers around the globe. Our nutrition labeling approach is in line with international standards, including [Codex Alimentarius](#). We provide nutrition labeling on all of our products across our markets, displaying the amount per serving and/or per 100 grams (depending upon local regulations) on eight key nutrients — energy (calories), protein, carbohydrates, sugars, fat, saturated fat, fiber and sodium. On very small packages with limited space, we list calories, protein, carbs and total fat. Nutrition labels usually include the percentage that a nutrient provides of a person's recommended daily intake, such as Daily Value or Dietary Reference Intake.

When we make a claim about a nutrient (e.g., good source of fiber) or when we add a specific nutrient for fortification purposes, we will include information on that nutrient in the label and in accordance with local regulations or by recognized bodies, such as Codex, in those cases where country regulations or standards have not been set. We also follow the guidance outlined in the WHO/Food and Agricultural Organization of the United Nations (FAO) [guidelines](#) on food fortification with micronutrients.

### Front-of-Pack Labeling

Calories are universally recognized around the globe. We are committed to helping our consumers be mindful of how many calories they are taking in. By the end of 2016, we had calorie information front-of-pack (FoP) on all of our eligible products globally.\* Unless national requirements require alternative elements, our FoP calorie labeling must depict calories (energy) per serving or per pack for single serve individually wrapped products.



\*Where such front-of-pack labeling is permitted and in line with regulatory requirements

## Advertising to Children

We support the role of parents, as the decision-makers, in choosing the products that are right for their children. Our Marketing to Children Policy is global and applies to every market where we do business. As of January 1, 2016, we no longer advertised our products in any media primarily directed to children under age 12, irrespective of the product's nutritional profile. Our policy covers any advertising where 35 percent or more of the total viewing audience is under the age of 12. Our approach applies to advertising in TV, print, radio, internet (both our own websites and third-party websites), digital, advergames, mobile, word-of-mouth, DVD/video, streaming media and in cinemas.

Specifically, we focus all advertising efforts towards the parents and adults, giving them information to help make decisions for themselves and their families. We continue to prohibit all in-school marketing of our products in both primary and secondary schools (prior to university level) — an industry-leading practice. We do not permit any branded communication in schools, including branded educational materials or equipment — irrespective if industry voluntary pledges we are a member of allow it.

We also have food marketing standards in place that provide additional guidance and are in line with the [International Chamber of Commerce \(ICC\) Code of Advertising and Marketing Communication Practice](#) and the [ICC Framework for Responsible Food and Beverage Communications](#).

### MONITORING OUR ADVERTISING COMMITMENT

To ensure compliance with our Marketing to Children Policy, we are engaged in a number of global and local pledge programs that rigorously monitor and report on our processes. Pledge programs include the [U.S. Children's Food and Beverage Advertising Initiative \(CFBAI\)](#); the [Canadian Children's Food and Beverage Advertising Initiative](#); the [EU Pledge](#); the [Food & Beverage Alliance of India Pledge](#); the [Responsible Child Marketing Initiative of the Australian Food & Grocery Council](#); the [Singapore Food & Beverage Industry Responsible Advertising to Children Initiative](#); as well as our global pledge through the [International Food & Beverage Alliance \(IFBA\)](#).

To monitor our global progress, IFBA engages Accenture, a third-party media auditor, and employs a measure of compliance intended to help member companies identify genuine breaches and instances where spots for restricted products were placed in or around daytime programs reaching 35 percent or more children under age 12. In IFBA's last report released in 2016, 98 percent of our television advertising was compliant and we were 100 percent compliant for print and online. In addition, we were compliant with our US CFBAI pledge, and in the 2016 monitoring of our EU pledge, we had one issue of non-compliance, which was corrected. Our marketing and media buying teams review these results along with the media buying agencies, where there are incidences of non-compliance and corrective steps are taken where needed to avoid future concerns.



## Looking Ahead to 2020

As we look ahead towards 2020, we see an opportunity to build upon our achievements and evolve our portfolio to meet consumers' growing expectations for snacks that offer good nutrition, as well as have fewer, more authentic ingredients.

Starting in 2017, we will be evolving our well-being portfolio approach to address those areas that are important to consumers. We will meaningfully enhance the well-being of people around the world by focusing where we can have the greatest impact. Our three pillars of action to grow our business are:

- Expanding 10 existing well-being brands in our portfolio, with the goal of growing them at twice the rate of our base portfolio. These well-being brands will meet a set of strict, category specific nutrition and ingredient criteria.
- Renovating and improving the nutrition and ingredient profile of our biggest-selling brands. We've made strong progress in improving the nutrition of our portfolio globally. And by focusing on enhancing the nutrition and ingredients of our biggest selling brands, including removal of artificial ingredients, we can have a greater impact with our most popular snacks that are eaten more frequently.
- Continuing to inspire consumers to snack mindfully and plan to deliver 15 percent of our revenue from our portion control snacks.

Overall, we feel that this portfolio approach to well-being will be better aligned with what consumers are looking for in their snacks and what we are hearing from external partners.



## Partnering with Experts

We have been working together with experts to better understand and address the complex challenges around diet, health and well-being. This is especially important today, as obesity and related health concerns persist around the globe.

Throughout 2016, we participated in and presented at various conferences to learn about advancements in nutrition, as well as share progress and results from research we conducted. We continue to actively engage with public and private sector stakeholders, bringing industry partners together to address global health and well-being challenges. Below are some of the organizations we have engaged with in 2016.

- [Argentine Society of Nutrition](#)
- [Academy of Nutrition and Dietetics](#)
- [Brazilian Congress of Nutrition \(ABRAN\)](#)
- [British Dietetic Association \(BDA\) Work Ready Programme \(WRP\)](#)
- [Chinese Nutrition Society](#)
- [Consumer Goods Forum \(CGF\) Health & Wellness Steering Committee](#)
- [Dietitians Association of Australia \(DAA\) Conference](#)
- [Dubai Conference on Applied Nutrition](#)
- [European Nutrition Leadership Platform \(ENLP\)](#)
- [European Platform on Diet, Physical Activity and Health](#)
- [Grains for Health Foundation](#)
- [HEALTHGRAIN Forum](#)
- [International Food & Beverage Alliance \(IFBA\)](#)
- [International Life Sciences Institute \(ILSI\)](#)
- [Indonesia Nutrition Association](#)
- [International Cereal and Bread Congress](#)
- [International Congress of Dietetics](#)
- [Pan American Health Organization SaltSmart Consortium](#)
- [UK Responsibility Deal](#)
- [Whole Grains Council](#)

## NUTRITION SCIENCE CORNER

At Mondelez International, we believe in driving innovation and success through nutrition research. Through our [Nutrition Science Corner](#) website, we share our findings and perspectives on emerging nutrition science, as well as invite people to learn about our featured nutrition topics, partnerships, publications and presence at nutrition congresses and conferences around the world.

The website showcases four major nutrition science areas of research directly linked to our products: Beneficial Carbohydrates, Plant-based Nutrition, Healthy Eating Behaviors and Oral Health. As part of our *NutrInsights* series, we publish science updates, articles in peer-reviewed journals based on clinical research, and nutrition-related articles and abstracts from scientific meetings. These publications capture research done on nutrients and ingredients in the areas of carbohydrates, proteins, whole grains and their effects on glycemic response, health and appetite.



## UN Sustainable Development Goals Linkages

Our efforts to improve the nutritional profile of our current portfolio, by reducing nutrients of concern, such as sodium, saturated fats, sugars and trans fats, as well as increase whole grains, expand our well-being options and renovate our biggest-selling brands, help support the tenets of the Good Health & Well-being [UN Sustainable Development Goals \(SDGs\)](#).





## COMMUNITIES

### Helping Communities Thrive

The path to community well-being begins by fostering environments that help children and families adopt life-long healthy habits. This is critically important as the World Health Organization and other health authorities recognize the serious public health challenges related to childhood obesity.

Since 2013, the Mondelēz International Foundation (MIF) has worked closely with public health and community partners to empower families and communities to lead healthier lives. From the fields of rural China to the midlands of the United Kingdom, MIF's multi-year \$50 million USD investment in school-based healthy lifestyle programming is transforming the lives of more than a million children around the world. MIF works in partnership with leading NGOs in Australia, Brazil, China, France, Germany, India, Italy, Mexico, Russia, South Africa, Spain, United Kingdom and the United States.

Our partners develop and implement the program, which are commonly school-based, reaching children ages 6-12 during and/or after school hours. The innovation behind these efforts is rooted in a three-pronged approach to deliver programs, which are focused on offering nutrition education, promoting active play and providing access to fresh foods, primarily through gardening — areas that are widely regarded as crucial for fighting obesity and improving children's health.



“This is the first time in my life I have observed corporations, civil societies, public representatives and government officials join together on a single platform to ensure the health and development of children in the villages.”

— Shiv Kumar Sharma, *Joint Director, Ministry of Women and Child Development, Chambal Division, India in regards to our Shubh Aarambh program*



## Measuring Impact on the Ground

Each community partner tracks progress of their programs against a set of global healthy lifestyle focus areas that are critical to tackling obesity: nutrition education, physical activity and access to nutritious foods. Specifically, each partner measures:

**1. Nutrition Knowledge:** Percentage of program participants who improve their nutrition knowledge

**2. Physical Activity:** Percentage of participants who are physically active for 30 minutes or more daily

**3. Healthier Eating:** Percentage of participants who report increased consumption of fruits, vegetables and other fresh foods

These metrics were developed with our community partners and public health experts from Yale School of Public Health. Additionally, certain programs measure Body Mass Index (BMI), or the percentage of participants with BMI in normal range, as appropriate.

MIF works with each community partner to implement and track these common metrics to ensure all programs are being measured against the same global metrics.

## Progress to Date

While the situation in each nation varies due to political, economic, social and geographic factors, each partner has reported progress in the key metrics and behaviors regarding students' well-being.

From mid-2014 through the end of 2016, we have seen good progress on average across the 13 programs reaching 1 million children — both in nutrition knowledge as well as physical activity and dietary behavior. Specifically:

- 12 percent increase in understanding what good nutrition is, including knowing the number of fruits and vegetables to eat daily
- 6 percent increase in physical activity to at least 30 minutes daily
- 11 percent increase in eating more fruits, vegetables and other fresh foods, as part of the gardening the program

A key element to the success of these programs is the knowledge sharing among our partners and with outside experts. By sharing best practices, as well as challenges, partners identified that successful programs are built on transparent engagement with local government officials, school principals, teachers, parents and other local community leaders.

This knowledge-sharing framework not only helps deliver results, but also spurs creativity on innovative ways to promote healthy lifestyles for children — from creating gardens out of recycled automobile tires filled with soil on school rooftops in urban Birmingham, UK to aquaponics and cultivation of potatoes that require little water in drought-affected areas of South Africa. Such flexibility and adaptability aligns with the key objectives of the [UN Sustainable Development Goals \(SDGs\)](#) to improve child development worldwide by advancing health, nutrition and educational opportunities.





## Program Highlights by the Numbers



### CHINA:

Our *Hope Kitchen Nutrition & Healthy Lifestyles* program has benefited 150,000 rural students with support from the Chinese Youth Development Foundation and Chinese Centers for Disease Control and Prevention. Since 2015, the program achieved a 10 percent decrease in students with malnutrition and a 6 percent increase in students with a normal BMI. And the percentage who ate three kinds of vegetables or more each day went up 6 percentage points.



### MEXICO:

Our *Alianza por el Bienestar de la Niñez* program managed by Save the Children Mexico showed that almost twice the number of children reported eating three or more vegetables than before the program started (52.3 percent versus 27.2 percent, respectively) and the percentage of children who knew they should exercise 30 minutes a day nearly tripled.



### INDIA:

*Shubh Aarambh (Auspicious Beginnings)*, a joint program of Save the Children India and Magic Bus, reported 68 percent of students were more physically active daily.



### UNITED KINGDOM:

In our *Health for Life* program, we saw an increase in knowledge by 2 percent regarding the need for five portions of fruit and vegetables per day and an increase in pupils eating five portions of fruit and vegetables, going from 29 percent to 32 percent. Plus, 68 percent of parents reported they would change or do something regarding healthy choices for themselves and their families, such as looking more carefully at nutrition labels and changing their child's lunches and beverages.

Learn more about these efforts and other programs in the Mondelēz International Foundation's impact report, [Helping Communities Thrive through Public-Private Partnerships](#), as well as the [gardening](#) and [physical activity](#) supplemental reports.

"It's so important that children are educated on the importance of being active and eating healthily now more than ever. The *Health for Life* program effectively engages young people in a fun and educational way."

— Adrian Phillips, MD, Director of Public Health, Birmingham

## Small Actions, Big Impact

Our colleagues in every corner of the world volunteer to help make an impact for good in their communities. We align their talents and passions with volunteer opportunities to create positive change both globally and locally.

### Global Volunteers in Action

Around the globe, our employees lend their time throughout the year to make a positive impact in their local communities. In October 2016, 10,000 employee volunteers from 52 countries came together to make a difference in the communities where they work and live, contributing 36,000 hours of service. From teaching children about good nutrition and the importance of being active, to painting and restoring playgrounds, to feeding the hungry and running clothing drives, to cleaning up local parks and planting mangrove trees, Mondelēz colleagues dedicate their time and skills to drive positive change in their local communities.

We also offer skill-based volunteering programs for colleagues to build leadership skills, as well as make a lasting difference. Colleagues team up to solve a challenge faced by community partners, from developing new fundraising strategies and creating program delivery action plans to updating accounting systems. Such skill-based volunteering efforts help stretch and build leadership skills and, more importantly, help ensure the sustainability and viability of community organizations that are resource-constrained. To date, 500 employees have worked with our community partners.



## Collaborating with Leading Voices

Our partners share our vision to change the course of obesity by providing people with the education, tools and access to lead healthier lives. They are recognized as global thought leaders in what it takes to drive change at the community level. They include:

- After-School All-Stars (U.S.)
- Alicia Foundation (Spain)
- Charities Aid Foundation (Russia)
- China Youth Development Foundation (China)
- The Conservation Volunteers (UK)
- Football Federation Australia (Australia)
- The French Red Cross (France)
- Services for Education (UK)
- Institute for Sports Education (Brazil)
- INMED Partnerships for Children (Brazil and South Africa)
- Klasse2000 (Germany)
- Magic Bus (India)
- Save the Children (Italy, India and Mexico)





“Volunteering is something I am passionate about. Not only does it give me the opportunity to give back to my local community, it has enabled me to develop new skills, leverage existing ones and network with my immediate peers, which I don’t have the opportunity to do in my working role.”

— Steve Davies, *Manufacturing Central Administration Manager, Bournville Manufacturing*

“To me, volunteering is joy, we bring joy to the community and the community brings joy to us. When we end the volunteer activity and get back to the office, the energy and positive vibration that the volunteers exhale is incredible. We can truly see the difference that we make.”

— Mariana Fulanetti, *Cross Category Activation Analyst, Brazil*

## Joy Ambassadors Serving, Sharing and Learning in Cocoa Farming Communities

In October 2016, 14 of our Mondelez International colleagues from 11 countries went on a journey of a lifetime to Ghana to serve as Joy Ambassadors through our unique skills-exchange volunteer program. The team had the unique chance to learn first-hand about the challenges and opportunities in securing a sustainable cocoa supply, as well as help mentor and coach Cocoa Life community members.

During their time, the Joy Ambassadors immersed themselves in Ghanaian culture, visited cocoa communities and learned how cocoa is grown and harvested — from cutting and scooping to fermenting and drying. In turn, the Joy Ambassadors shared their diverse business skills to help Cocoa Life farmers with the challenges they face managing their business and accelerate the impact of our cocoa sustainability efforts.

The team held community workshops with over 400 community members centered on enhancing the capacity of cocoa farmers' cooperatives. Sessions focused on relationship building, as well as negotiation and collaboration skills. You can hear more about the 2016 Joy Ambassadors' experiences and highlights from their amazing journey in this [video](#).



"The openness and engagement of the people in Ghana was inspiring. The way they welcomed us with our thoughts and ideas — having inherent faith that they had something to learn from us was tremendous. I feel tremendous pride in this program and will continue to spread the message of its impact."

— Tara Hieminga, Sr. Manager Shopper Marketing & Merchandising, Canada

"It was an immersion in Ghanaian culture in true spirit. We could go to cocoa farms and interact with farmers in the community. We witnessed the positive impact our company is creating in the lives of cocoa farmers, which is just phenomenal."

— Ramesh Kataria Chander, Plant Lead, Integrated Supply Chain, Chocolate, India

"A truly humbling experience...14 colleagues from around the world who had never worked together joined forces and made a positive impact. Little things to us meant a lot to the farming communities we visited and the implementing partners. People light up and can keep going when you show care/concern for the things that are important to them."

— Funlola Pearce, Finance Director & Commercial Controller, Nigeria





Photo Credit: IFRC/National Society (Marjo Leppänen)

## Restoring Well-being in Time of Need

Contributions from our Mondelēz International Foundation have helped communities affected by disasters around the globe. It is part of our company's tradition to help those in need with both financial and in-kind support.

In 2016, we renewed our one-year, \$1 million USD contribution to the American Red Cross, International Federation of the Red Cross and Red Crescent Societies. The money is allocated to help organizations provide food, water, shelter and other critical supplies quickly during times of disaster. Our contributions helped the global Red Cross network multiply their resources in response to 300 global disasters, helping more than 12 million people.



Photo Credit: IFRC/National Society (Marko Kokic/Canadian Red Cross)

“When disaster strikes, the first responders — often the only responders — are local organizations like the Red Cross and Red Crescent. Disaster Relief Emergency Fund means that they can respond quickly and effectively to meet the needs of people who might otherwise be left with nothing. This is possible thanks to partners like Mondelēz International. We thank you: your support makes such a difference every day.”

— Dr. Jemilah Mahmood,  
Under Secretary General for Partnerships,  
International Federation of the Red Cross

## UN Sustainable Development Goals Linkages

Working closely with our NGO partners on the ground, we are empowering communities to lead healthier lives through programs that offer nutrition education, promote active play and provide access to nutritious fresh foods to help address nutrient needs for at-risk populations — all of which help support of the following [UN Sustainable Development Goals \(SDGs\)](#).





# SAFETY

## Safety of People & Products

Safety and integrity come first — every time, in everything we do. We are committed to achieving world-class safety standards for the foods we produce and the places where our people work.

Our team of 90,000 is our most valuable resource. To ensure the safety of our colleagues, we've implemented world-class safety and wellness programs, along with policies to promote fair and equal treatment. With the strong food safety and quality measures we have in place, we have earned a high level of trust from our consumers. We continually work to improve these systems, so we can maintain the high quality of great-tasting foods our consumers expect and can feel good about.

### Safety of People & Products Goals

- Achieve world-class safety performance
- Achieve third-party food safety certification against the FSSC 22000 Global Food Safety Initiative (GFSI)-benchmarked scheme for all internal manufacturing facilities





## Assuring Employee Safety

### Promoting a Culture of Safety

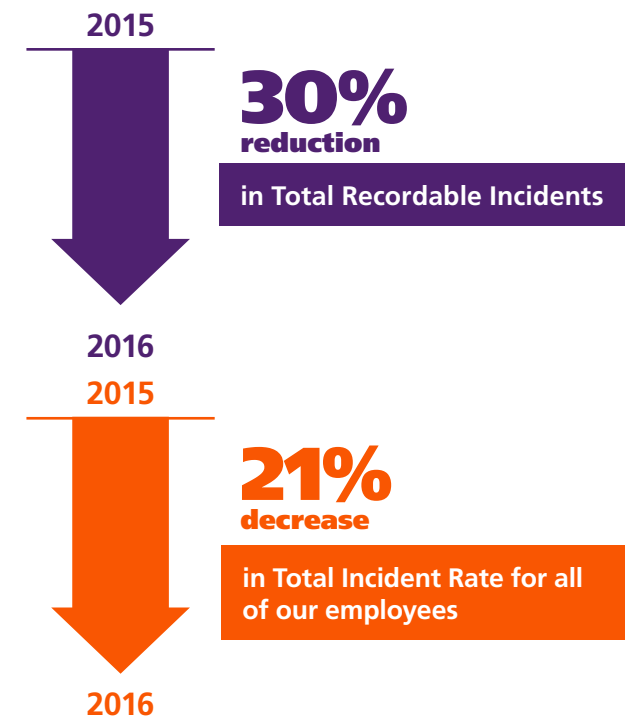
The safety of our colleagues is a top priority. Every day, we strive to ensure all of our employees feel safe and comfortable, and are able to work in an accident-free environment. Our goal is to build a safety culture that promotes our goal of ZERO incidents by eliminating risks across four key areas:

- 1. Occupational Health** – To safeguard our employees against long term health issues related to work place
- 2. Personal Safety** – To entrench safe working tools and standards that promote the personal safety of every individual within our company
- 3. Process Safety** – To improve the design, implementation, management and control of any identified hazardous process within our operations
- 4. Vehicle-Safety** – To improve driver safety and vehicle-related activities in all our functions and operations

Through ongoing educational efforts, teamwork and enhanced protocols and safety measures, we have been able to improve our safety performance each year. The global benchmark for a world-class Total Incident Rate (TIR) is defined as 0.5. We compare our performance against this benchmark and are currently performing at 0.39, well below the 0.5 level.

In addition to this, we continue to drive our goals and ambition towards ZERO incidents and thus track Total Recordable Incidents (TRI). In 2016, we achieved a 30 percent reduction in TRIs compared to 2015. We also continued to make progress on our identified focus areas and achieved a 47 percent reduction in vehicle incidents and 36 percent reduction in contractor management incidents versus 2015.

### safety performance



All of the programs at our plants meet the [Occupational Health and Safety Assessment Series \(OHSAS\) 18001](#), one of the only internationally recognized safety management systems. Adherence to our safety policies and practices is critical to reaching our goal of achieving world-class safety performance.

With our **Work, Play, Live, Safe** program, colleagues across the globe are firmly committed to safe practices, safe environments and safe ways of working.

### Work, Play, Live, Safe

Our safety principles guide our everyday actions:

- ☛ Nothing we do is worth getting hurt
- ☛ All injuries and occupational illnesses can and must be prevented
- ☛ Working safely is a condition of employment

### Supporting Workplace Wellness

We strongly value the health and well-being of all our employees across the globe. From our manufacturing facilities to our headquarter sites, we are always seeking new ways to expand our wellness programs to help our employees be healthy, engaged and productive. Each worksite brings workplace wellness efforts to life in fun and engaging ways. While differing slightly from site to site, the programs usually have a focus on nutrition or physical or mental well-being.

We're helping our teams feel better — physically and mentally through:

- **Lifestyle improvement programs**, such as stress management, weight management and smoking cessation programs
- **Health screenings and exams**, including vaccinations and flu shots
- **Healthier options and nutrition information** in our cafeterias and canteens
- **Fitness and/or sports facilities onsite**, incentives for gym membership reimbursement and employee sports competitions and fitness challenges
- **Health newsletters/intranet sites** that offer health tips and work-life/flex time programs





## Producing Safe, Quality Food

Providing foods that are safe for people to eat is at the center of everything we do. People expect safe food, and maintaining their trust means offering quality foods they can rely on and feel good about. This is the cornerstone of our heritage and an essential part of our culture.

Safety begins with each recipe we make. We start with the highest quality ingredients and have set high standards with a comprehensive, quality management system that ensures the integrity of our products and the ingredients we use. Our science-based risk identification and management processes help us assess and control factors that could potentially compromise ingredients, packaging, manufacturing processes or finished products. Today, nearly 100 percent of our internal facilities worldwide are certified against

the internationally recognized and independent Foundation for [Food Safety Certification \[FSSC 22000\]](#), the GFSI-benchmarked scheme.

We also expect our suppliers and external manufacturers worldwide to live up to the same strict standards we have set for ourselves and require them to meet [well-defined safety and quality expectations](#). This starts with our comprehensive supplier approval program to verify the supplier and the quality of the ingredients. Before we buy any ingredients or raw materials, we conduct an initial audit of their facilities to make sure they meet our Supplier Quality Expectations. Afterwards, we conduct audits on periodic basis to ensure they continue to meet our strict standards.

By 2018, all of our external manufacturers and suppliers must be certified against a GFSI scheme. And we're making good progress towards that goal. At the end of 2016, 84 percent of our external manufacturers and 96 percent of our raw material suppliers certified against a GFSI-benchmarked standard.

**By the end of 2018, our external manufacturers and raw material suppliers must be certified against a GFSI scheme**

### OUR PHILOSOPHY OF "CONTINUOUS IMPROVEMENT"

At Mondelēz International, we have a strong food safety system in place. Safe food is at the core of our heritage and is ingrained in our culture. However, we also understand that no system is perfect. That's why we instill a culture that encourages us to continuously improve. We look at what's going on externally — as well as internally — and try to learn from those events. We've also put a focus on our suppliers and our supply chain, by educating them and sharing our knowledge. We have supplier quality improvement programs to evaluate supplier performance; conduct quality reviews with suppliers and employees, leveraging outcomes from those reviews to influence quality and safety design; and we offer our suppliers quality and food safety seminars, e-training modules and on-site quality technical visits. We also work with governments and industry partners around the world to share learnings because we know that all food safety issues, even when they are not ours, can shake consumer trust.

**84%**  
external  
manufacturers  
certified

**96%**  
raw material  
suppliers  
certified

## UN Sustainable Development Goals Linkages

The strong food safety and quality measures we have in place to ensure the foods we produce are safe to eat, and our workplace wellness initiatives to ensure the safety and well-being of our employees globally, help support the following [UN Sustainable Development Goals \(SDGs\)](#).



## COMPLIANCE & GOVERNANCE

We value trust...of consumers, customers, communities, regulators, suppliers and employees. We strive to earn trust every day by doing what we say we will do and holding ourselves accountable. As a public company, we have the added responsibility to be responsive to our shareholders.

We have structures, policies and processes in place to help promote the ethical and efficient governance of our company. And we have internal and external auditors to monitor our compliance.

Our Board of Directors sets the right tone from the top, abiding by its [Corporate Governance Guidelines](#). The [Governance, Membership and Public Affairs Committee](#) oversees our policies and programs related to corporate citizenship, social responsibility, and public policy issues, such as sustainability and environmental responsibility. In addition, all non-employee Board members are expected to adhere to our [Code of Business Conduct and Ethics for Non-Employee Directors](#). This Code addresses legal and regulatory compliance issues, as well as conflicts of interest.

Our Chief Executive Officer and senior executives drive home the central message of our [Code of Conduct](#) — that integrity and growth go hand-in-hand. To support the right behaviors throughout the company, we have a Chief Business Integrity Officer and other members of our Business Integrity group to provide employees the knowledge and tools needed to conduct business in a lawful and ethical manner. For example, in 2016, over 37,000 employees took web-based compliance training and more than 10,000 employees participated in formal in-person compliance training.

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“One thing is certain — when gaining a business advantage means violating the rules or ignoring our values, we won’t do it.”

— Mondelēz International Code of Conduct, Introduction

## Empowering our People

Equal treatment of all people is not just the right thing to do — it is good for business, now and in the future. It’s part of our values as a company and underscored in our Code of Conduct: “Treat People Fairly.” We have a robust [Compliance and Integrity Program](#) to help us train and monitor in these areas.

Under our Speaking Up Policy, we empower our colleagues to ask questions and raise concerns about business practices when they see something they think may be wrong. There may be times when they are not comfortable speaking with their supervisors, business integrity officers or human resources contacts, or simply wish to remain anonymous. So we have a toll-free and in some countries a collect call/reverse charge telephone [HelpLine](#), and an online version [WebLine](#), so that our employees can confidentially and, if they wish, anonymously report instances of suspected wrongdoing or ask questions about compliance matters.

We also support the [Women’s Empowerment Principles](#), disseminated by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the UN Global Compact. The provisions outline steps to advance and empower women, including establishing high-level corporate leaderships for gender equality, treating all women and men fairly at work, and ensuring the health, safety and well-being of all women and men.

We select suppliers (including consultants and other service providers) not only on quality and price, but also on whether their ethical standards align with ours. Our guiding principle is that we will not expect any less of our suppliers than we expect of ourselves. On our website, we provide a summary of our corporate social responsibility expectations for suppliers, which are consistent with our own internal policies:

- [Mondelēz International Corporate Responsibility Guidelines](#)
- [Corporate Responsibility Expectations for Direct Suppliers](#)
- [Supplier Contract Provisions](#)
- [Supply Chain Transparency and Labor Practices](#)

Of all of our assets, trust is the one we value most. Our governance policies, our Code of Conduct and our expectations of suppliers support our ongoing efforts to preserve trust. Our standards, policies and systems make it plain to anyone who works for us, does business with us or buys our products: We're working every day to have an impact — to ensure a better future — and doing so the right way.

## Materiality

The four areas of action define our [concept of materiality](#) for social and environmental purposes. Since 2012, we have sat down with internal and external experts to review the impact of major societal issues on our business, and to shape our strategic responses to them.

This includes representatives from our Well-being Leadership team, as well as from our regional business units and global functions. External experts include World Wildlife Fund, Quantis and various socially responsible investment groups. In addition, we consider perspectives from our ongoing [stakeholder engagement](#), as well as participation in various [shareholder indices](#).

Materials that guided our assessment included our external affairs analysis of stakeholder and regulatory issues, the greenhouse gas, land and water [footprint](#) of our total company, proprietary consumer insight data, and publicly available data on societal issues, including statistics and reports from authorities, NGOs and peer companies.

### Below are the top environmental\* and social issues:

1. Consumer well-being — promote improved health and well-being through portfolio enhancements and community partnerships
2. Supply security of key agricultural commodities and social challenges in supply chain
3. Environmental footprint of agriculture and our operations
4. Safety of our people and products

*\*We refer to our major environmental challenges collectively as the sustainability of resources and agriculture*

## About this Report

*The scope of this report is our entire company. Where quantitative goals are linked to revenue, such as our published Well-being Snacks and Communities goals, coverage is for all Mondelēz International revenue, except Venezuela, which was removed from our financial reporting in 2015. Where quantitative goals are linked to operations, such as our Sustainability, Employee Safety and Food Safety goals, coverage is all operations under our management control, unless stated otherwise. Data for our safety and manufacturing environmental goals (CO<sub>2</sub>, water, waste) are verified by SGS. The verification statement is available on our website.*





**[www.mondelezinternational.com](http://www.mondelezinternational.com)**

